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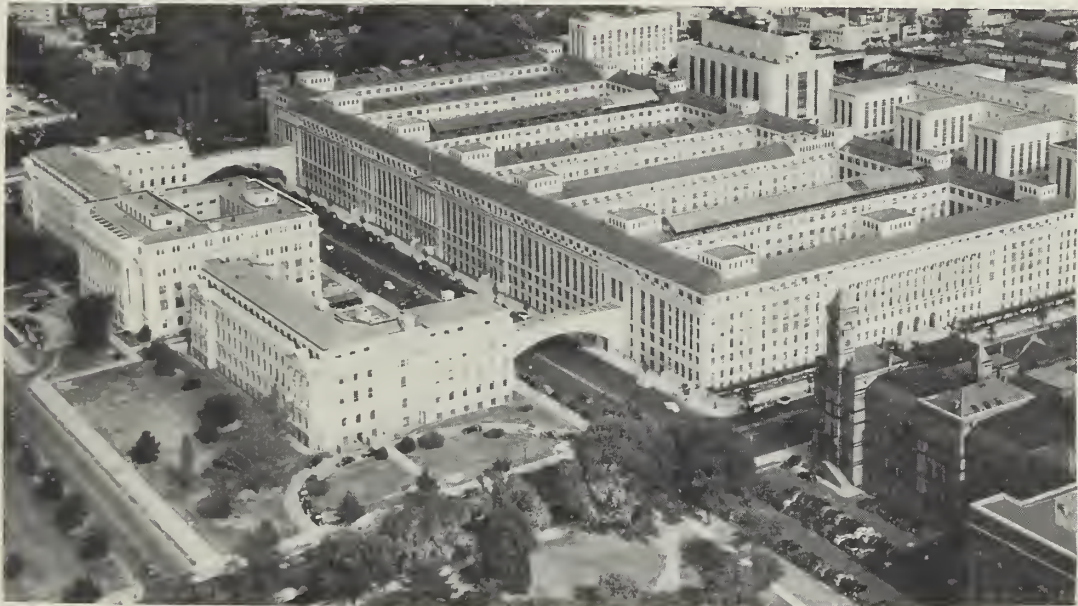
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# THE U. S. DEPARTMENT OF AGRICULTURE

## Organization and Function

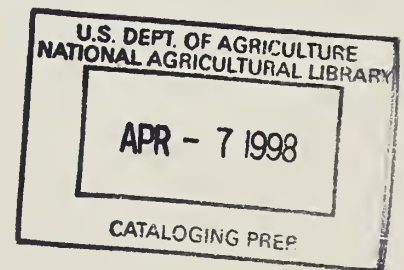
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U. S. DEPARTMENT OF AGRICULTURE

WASHINGTON 25, D. C.

JUNE 1958



**United States  
Department of  
Agriculture**



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# THE U. S. DEPARTMENT OF AGRICULTURE

## Organization and Function

### BACKGROUND

#### HOW IT STARTED

The work of the U.S. Department of Agriculture first began in the U. S. Patent Office in 1836, when Commissioner of Patents Henry L. Ellsworth began to distribute agricultural seeds and plants to farmers. He had, however, no official power to do this. He sought to prove the need to use public funds for this seed distribution and agricultural statistics. Finally, in 1839, Congress granted the Patent Office \$1,000 to be spent in the collection of statistics and for other agricultural purposes. This was the earliest authorization for agricultural expenditures from Federal funds.

In 1849 the Department of the Interior was created, and the Patent Office became a part of it. This soon led to the establishment of an Agricultural Division in the Patent Office.

The Department of Agriculture was created by an act of Congress, which was approved by President Lincoln, May 15, 1862. Until 1889, the Department was administered by a Commissioner of Agriculture. By the Act of February 9, 1889, it became the eighth Executive Department in the Federal Government. As head of the Department, the Secretary of Agriculture is a member of the President's Cabinet.

The Organic Act of 1862 stated the purpose of the Department by saying: "There shall be at the seat of Government of The United States a Department of Agriculture, the general design and duties of which shall be to acquire and diffuse among the people of the United States useful information on subjects connected with agriculture in the most general and comprehensive sense of that word...."

#### HOW IT WORKS

In Washington, D. C., the Secretary of Agriculture and his staff direct the programs and activities delegated to the Department by Congress. In every State, Territory, and county of the United States, and in many foreign countries, employees administer programs and carry out responsibilities authorized by the Congress.

In a broad way, the Department's objectives are in behalf of economic production and distribution of essential food and fiber, wise conservation of natural resources, sound stabilization of farm prices and returns, investigation by science of newer and better methods, regulation of markets and trade in farm products and facilities, and information to farmers and the public on achievements and progress made.

## HOW IT GREW

As our Nation has developed and demands for agricultural services have increased, the Department of Agriculture also has grown. This growth has resulted from the enactment of successive laws arising from popular demand and public need. Every successive new function undertaken by the Department of Agriculture will usually be found outlined and directed by an act of Congress.

Its bureaus, agencies, and offices at Washington, D. C., Beltsville, Md., and at 4,000 different locations throughout the Nation are working at specific tasks. In fulfilling these assignments, they cooperate with the States, agricultural organizations, food and fiber processing associations, farmers' cooperatives, industrial corporations, and individual farmers.

## HOW USDA IS ORGANIZED

The USDA is currently organized into various service and administrative agencies, which are divided into six major groups. Each group is headed by an Assistant Secretary or other designated official who is responsible for the interpretation and execution of agricultural policies pertaining to his group. The agencies of the USDA and their group heads are (see fig. 1):

Federal-States Relations, Assistant Secretary: Agricultural Conservation Program Service, Agricultural Research Service, Farmer Cooperative Service, Federal Extension Service, Forest Service, and Soil Conservation Service.

Marketing and Foreign Agriculture, Assistant Secretary: Agricultural Marketing Service, Commodity Exchange Authority, and Foreign Agricultural Service.

Agricultural Stabilization, Assistant Secretary: Agricultural Stabilization and Conservation Committee, Commodity Credit Corporation, Commodity Stabilization Service, and Federal Crop Insurance Corporation.

Agricultural Credit Services, Director: Farmers Home Administration and Rural Electrification Administration.

Department Administration, Administrative Assistant Secretary: Office of Administrative Management, Office of Budget and Finance, Office of Hearing Examiners, Office of Information, USDA Library, Office of Personnel, and Office of Plant and Operations.

Office of the General Counsel, General Counsel: (The General Counsel is the chief law officer of the USDA.)

## RELATIONSHIP OF USDA TO LAND-GRANT COLLEGES

Another law, known as the Land-Grant College Act was passed by the Congress and signed by President Lincoln July 2, 1862. This Act donated 11 million acres of public lands to the several States and Territories which may provide colleges for the benefit of agriculture and the mechanic arts. This was followed by more laws to



strengthen the experimental and extension activities of the States in their relations to the Department.

In 1887, the Congress of the United States passed the Hatch Experiment Station Act, which provided for the establishment of an agricultural experiment station in connection with the land-grant institutions of each State and Territory.

In 1914, the Congress of the United States passed the Smith-Lever Act, which established the Cooperative Extension Service as a means of carrying or extending to American farms and farmers information and findings from the land-grant institutions and Federal-State agricultural experiment stations.

The demand for adequately trained scientific personnel is being met by the land-grant colleges and State universities. While there is considerable variation in the organization of these institutions, all of them include three major services to agriculture. One of these is classroom education, providing both undergraduate and graduate studies in science for preparing personnel to engage in farming, research, and other technical occupations. The second is research. While this is done in various subject matter departments, such as soils, agronomy, and pathology, the overall responsibility for agricultural research in each station is centered in a single administrator, the State experiment station director. The third basic service is Cooperative Extension work.

Additional information on research in State experiment stations is given on pages 4 and 5 and on extension work on pages 7 and 8.

## ACTIVITIES OF THE USDA

### AGRICULTURAL RESEARCH

#### How It Is Organized

The agencies of the USDA engaged in research are the Agricultural Research Service, Agricultural Marketing Service, Forest Service, Farmer Cooperative Service, Foreign Agricultural Service, and Soil Conservation Service. These agencies conduct comprehensive research in farm management, soil and water conservation and management, crop and livestock production, entomology, plant and animal diseases, forestry, agricultural engineering, agricultural economics, processing and utilization of agricultural products, marketing (including both domestic and foreign markets), cooperative organizations, and home economics. While research is conducted in several agencies, coordinating responsibility is vested in the Office of the Administrator, Agricultural Research Service.

In the fields listed, the USDA cooperates closely with the State experiment stations, and one of its responsibilities is to administer the Federal-grant funds made available to the States by the Congress. In marketing research, the USDA also maintains cooperation with marketing agencies and State departments of agriculture. The USDA conducts about 85 percent of the Nation's research in forest production and marketing. Forestry research, in addition to being carried on at a national laboratory and many decentralized research centers and experimental

forests and ranges, also involves cooperation with various private agencies and State schools of forestry.

### Agricultural Research Service

The Service (ARS) carries out the Department's physical and biological science research in the field of crops, farm and land management, livestock, human nutrition and home economics, and utilization research to develop new and expanded uses for farm commodities.

Research is conducted at the 12,000-acre Agricultural Research Center, Beltsville, Md., where many projects of the Agricultural Research Service and other agencies are underway, at 4 large regional laboratories, 10 smaller field research stations and at numerous locations in the States, Territories, and possessions, and in foreign countries.

A large part of the research is in cooperation with State agricultural experiment stations and other public and private agencies. Research is also conducted under contract with various public and private agencies and institutions.

Production research is carried on in agricultural engineering, animal disease and parasites, animal husbandry, crops, entomology, farm economics, and soil and water conservation.

Studies are made of problems in the household utilization of textiles, clothing, and equipment, and of family requirements for housing and related facilities. Investigations are also made of patterns of rural family expenditures and production for household use and economic problems of household management. Investigations are conducted on human nutritional requirements, the composition and nutritive value of foods, problems relating to the household preparation and preservation of foods, food consumption practices, and the nutritive value and economy of customary diets.

In utilization research investigations are conducted in the field of chemistry and related physical and biological sciences to develop new and improved foods, feeds, drugs, fabrics, industrial chemicals, and other products from agricultural commodities; to devise improved methods for evaluating the suitability of commodities for processing; to devise better processing methods; to increase the use of by-products; and to solve waste disposal problems.

The ARS also has functions and responsibilities in the administration of various regulatory and control activities in animal disease eradication, animal inspection and quarantine, plant pest control, plant quarantine, and meat inspection.

### State Experiment Stations

The Agricultural Research Service of the Department administers the Federal-grant funds which are made available to the agricultural experiment stations of the



land-grant colleges in the States, Hawaii, Alaska, and Puerto Rico for agricultural research, including investigations and experiments to promote a permanent and efficient agricultural industry and improvements in the rural home and rural life. Grants are made primarily on the basis of prescribed amounts in the authorizing act and partly on the basis of need in specific areas to find solutions to agricultural problems. The States are contributing about \$3 to \$1 paid by the Federal Government.

The State agricultural experiment stations conduct research and experiments on the many problems constantly encountered in the development of a permanent and sustaining agriculture and in the improvement of the economic and social welfare of the farm family. Because of differences in the climate, soil, market outlets, and other local conditions, each State has distinct problems of production and marketing of crops and livestock. The farmers in the individual States naturally look to their State agricultural experiment stations for solution of State and local problems, and in recent years have requested increased service to help meet changing conditions.

The research programs of the State stations, to be most effective, include participation in regional and national programs. Joint attack by a group of State stations is the most effective and often the only practical approach to problems of common interest. The stations, to an ever increasing extent, are acting as regional groups to provide cooperative coordinated attacks on problems of regional and national interest. In a similar manner, the research programs of the State agricultural experiment stations and the Department of Agriculture are supplementary and interdependent.

### Agricultural Marketing Service

Agricultural Marketing Service (AMS) is responsible for the marketing research and related statistical and economic research.

Marketing research includes the study and investigation of (a) the uses and market acceptance of new and established agricultural products, and analysis of consumer market behavior, market potentials, and methods of merchandising; (b) trade in specific agricultural commodities, including measurements of costs and margins, market organization and practices, and improvement in market information; (c) the biological, physical, and economic aspects of measuring, maintaining, and improving product quality; and (d) transportation and marketing facilities, equipment, and handling methods. The research, involving cooperation with other public and private agencies, is designed to benefit all of the major agricultural commodity groups and as many of the other commodities as possible, and to provide research at each stage of marketing, such as in assembly points, terminal or central markets, wholesale and retail markets.

The major objective of this research is to provide market operators, farmers, consumers, Government officials, and other private and public agencies with reliable research information aimed at expanded outlets for farm and food products, reduced costs, and improvements in the efficiency of marketing processes, marketing methods, transportation, storage, marketing facilities, and equipment.

One of the important research activities of the Service involves the collection, analysis, and interpretation of data concerning factors affecting agricultural prices, farm incomes, supply and consumption of farm products, trends in farm population, and changes in the level of living of farm people. The results of these studies are made available to farmers through research bulletins, and through "Situation and Outlook Reports."

The crop and livestock estimating service provides farmers, marketing agencies and the general public with timely basic information relating to agriculture, including acreage, yield, and production of crops and the stocks and value of farm commodities, the number, production, and value of livestock items, and prices paid and received by farmers that go into the computation of parity prices.

### Farmer Cooperative Service

The Farmer Cooperative Service (FCS) conducts research as a basic part of its program for helping farmers through cooperative associations that are soundly organized and effectively operated. Under authorizations of the Cooperative Marketing Act of 1926, the FCS carries on research, advisory service, and educational activities to assist agricultural cooperatives engaged in marketing farm products, purchasing farm supplies, and supplying other business services essential to farmers in conducting their farming operations. The work conducted by FCS is directed toward helping cooperative organizations solve their problems through the development and use of essential, factual information. It is also directed toward bringing about a better understanding of sound cooperative principles and practices on the part of members, boards of directors, employees, and others interested in agricultural cooperatives.

Studies of cooperative business enterprises cover matters of organization procedure and structure, management policies, employee relations, merchandising, accounting, operating costs and efficiency, financing, and membership. Results of its research and studies are published in bulletins, circulars, and reports. Current information and research results of interest to farmer cooperatives are published in a monthly magazine entitled "News for Farmer Cooperatives".

### Foreign Agricultural Service

The Foreign Agricultural Service (FAS) carries on broad research and reporting having to do with foreign aspects of agriculture, especially in the fields of foreign agricultural trade, policy, and production as they affect United States agriculture. An example is the regular gathering of information on the foreign demand for and the competition with our agricultural products. Another is the constant inquiry into foreign trade policies that effect the sale of United States farm products abroad. Such information -- on crop production, livestock numbers, stocks, and world agricultural trade -- is obtained largely through our agricultural attaches who are stationed in all leading countries and through commodity experts sent abroad to make special studies.



Also FAS helps foreign visitors who come to the United States because of special interest in our agriculture and home economics, to develop and carry out appropriate programs of study, consultation, and observation. It does this with the active cooperation of other USDA agencies, other Government Departments, and land-grant colleges and universities, the Food and Agriculture Organization of the United Nations, and other international organizations.

### Forest Service

The Forest Service (FS), in its forest and range experiment stations and in the Forest Products Laboratory at Madison, Wis., conducts investigations in the entire field of forestry and wild land management; including the growth and harvesting of timber; protection of forests and fire, insects, and diseases; grazing on forest and related ranges; efficient and economical utilization of forest products; research in forest economics and taxation; and watershed management. Problems dealing with range grasses are handled cooperatively with the ARS branches sharing the responsibility for those subjects. The Forest Service is also making a study of the Nation's present and potential forest resources.

### Soil Conservation Service

The Soil Conservation Service (SCS), in connection with the National Cooperative Soil Survey, conducts both field and laboratory research to (1) determine the character of soils so they may be properly placed in a nationwide system of soil classification, (2) determine the character of soils with regard to their behavior under different systems of soil management, and (3) improve our understanding of the origin and development of soils and how they react to cultivation.

### How Research Results Are Made Known

Results from agricultural research are made known in a number of ways. The institutions carrying on research issue both technical and popular bulletins and reports. While publications in the official and technical press constitute the firm core of basic information, dissemination of new results is far more widespread through such mass media as farm magazines, newspapers, radio, television, schools and colleges, and the beyond-the-classroom education programs that the Cooperative Extension Service carries on in rural communities. The close association between research and extension work, both in the USDA and at the land-grant institutions, is a factor that has played an important part in motivating farm people to adopt new farm practices developed through agricultural research.

When a farmer is confronted by serious production problems, he usually makes his needs known to his county agricultural agent, who is an employee of the Federal-State Cooperative Extension Service. The State extension service then asks its experiment station and the USDA to put their scientific resources to work on the problems.



## EDUCATION

### The Cooperative Extension Service

The Cooperative Extension Service is composed of 51 State and Territorial Extension services, each an integral part of the State or Territorial land-grant college. Extension work is financed and carried out through a three-way partnership among local people, the State land-grant college, and the Department of Agriculture.

The cooperative character of the program is further detailed in a uniform memorandum of understanding (revised November 16, 1954) between the Department of Agriculture and the land-grant college or university. In the memorandum of understanding the Department agrees to maintain a Federal Extension Service which, under the direction of the Secretary, (1) shall be charged with the administration of the Smith-Lever Act as amended and other acts supporting cooperative extension work insofar as such administration is vested in the Department; (2) shall have primary responsibility for leadership in all educational programs under the jurisdiction of the Department (except the graduate school); (3) shall be responsible for coordination of all educational phases of other programs of the Department, except the graduate school, and (4) shall act as the liaison between the Department and officials of the land-grant college or university on all matters relating to cooperative extension work in agriculture and home economics and educational activities relating thereto.

At the local level, county extension workers take the lead in organizing educational programs in which farm families, extension workers, and other leaders cooperatively assemble local experience, scientific information, and Government program aids by incorporating them into county extension programs. In all of this work, extension agents and specialists work closely with other agricultural agencies and with farm and civic organizations in helping people to identify and to solve their marketing, farm, home, and community problems.

The basic job of the Cooperative Extension Service is to help people analyze their situations and to make use of research findings, practical experience, and the program aids administered by the USDA in developing solutions to their problems. In doing this, county and State extension workers have the vast resources of knowledge developed by governmental and private research agencies to draw upon.

## INFORMATION

Each agency of the USDA has personnel to provide informational materials and services on its program activities.

The USDA's Office of Information, a staff agency of the Secretary's Office, directs and coordinates within the USDA the dissemination of information useful to agriculture. It provides assistance and facilities in the following areas:

Publications, which includes the editorial work, printing, and distribution of publications; current information, which includes press, radio, and television

materials; and visual, which includes exhibits, photographs, graphics, and motion pictures.

Through several series of technical and popular publications there is made available, to farmers and the public generally, information concerning results of research, conservation, regulatory, and service work of the USDA. Popular publications can be obtained through members of Congress, county extension agents, or direct from the USDA in Washington.

Close cooperation is maintained with the daily, periodical press and radio and television in disseminating useful information concerning programs of the USDA.

Visual agricultural information is disseminated through the media of motion pictures, exhibits, illustrations, and photographs.

## MARKETING

### Agricultural Marketing Service

The domestic phases of marketing and distribution functions of the USDA are centered in the Agricultural Marketing Service (AMS). These consist of (a) marketing research and related statistical and economic research (covered under the Research Section), and crop and livestock estimates and (b) marketing services, regulatory activities, and food distribution activities. It is also responsible for the coordination of statistical activities in the USDA, including the review of all survey plans, reporting requirements, and forms originating in the USDA, which require approval of the Bureau of the Budget under the Federal Reports Act. It reviews, approves, and gives leadership in developing marketing service activities carried on cooperatively by the State Departments of Agriculture and Bureaus of Markets.

There are 7 commodity divisions for cotton, dairy, fruits and vegetables, grain, livestock, poultry, and tobacco. These help formulate or carry out policies and programs in connection with marketing, purchase, diversion, export and distribution of the commodities with which they are concerned.

The work on inspection, grading, classing, and standardization of agricultural commodities is carried out by these divisions. This makes possible the establishment of uniform standards of quality for agricultural products thereby promoting confidence between buyers and sellers, reducing hazards in marketing due to disputes and misunderstandings which arise when non-standard descriptions are used, encouraging better preparation of products for market, and furnishing consumers with more definite information as to quality of products they buy. Fees and charges are collected which, as nearly as possible, cover the cost of the service. For some commodities the application of Federal grades and standards is mandatory and is financed by Federal appropriations.

Included in the area of marketing services are the countrywide market news reporting offices which provide current information on supply, movement, and price



at specific markets for practically all agricultural commodities, in addition to a number of special reports dealing with marketing problems of interest to major groups of producers.

The commodity divisions are responsible for administering the following acts: Cotton Futures Act, Cotton Standards Act, Cotton Grade and Staple Statistics Act including the Smith-Doxey Act and the Cotton Service Testing Act; the Standard Container Acts; Produce Agency Act; Perishable Agricultural Commodities Act; Export Apple and Pear Act; the Packers and Stockyards Act; Wool Standards Act; Tobacco Stocks and Standards Act; Tobacco Inspection Act; Tobacco Seed and Plant Exportation Act; Naval Stores Act; Grain Standards Act; Federal Seed Act; and Federal Marketing Agreements and orders under the Agricultural Marketing Act of 1937 for fruits and vegetables, milk, and tobacco.

This service through its Food Distribution Division is responsible, among other things, for administering the national school lunch program and the special milk program; for planning the distribution of commodities in connection with surplus removal programs, the school lunch program and section 416 of the Agricultural Act of 1949; for directing food preservation activities; increasing the use of plentiful foods; and acting as food claimant agent for United States civilians.

Responsibilities of the Department of Agriculture related to freight rates and the Warehouse Act are administered by AMS.

### Foreign Agricultural Service

The Foreign Agricultural Service (FAS) administers the foreign agricultural programs of the Department and develops plans and policies related to the administration of the foreign affairs and interest of United States agriculture. It disseminates to American agriculture the basic information essential to the aggressive foreign marketing of U. S. agricultural products and to making necessary adjustments to meet changing situations abroad.

The stabilization and expansion of world trade, particularly in agricultural products, is actively encouraged through the removal of barriers to trade; the reporting of monetary problems; the study of foreign competition with American products; the analysis of market situations affecting the sale of agricultural commodities throughout the world; and making facts obtained available to U.S. farmers, processors, exporters and other interested groups. United States agricultural interests are represented and their position presented in development of international agreements. Agricultural attaches are employed and stationed in more than 50 countries throughout the world to represent United States agriculture at their posts. Their work includes a comprehensive system of reporting to meet the needs of U.S. agriculture, to speak on behalf of U.S. agriculture at their posts, and to take appropriate steps in the development of foreign markets for U. S. agricultural products.

The Foreign Agricultural Service, with funds provided from Section 32, carries out a broad program aimed at developing markets abroad for United States agricultural products in surplus or potential surplus supply.

This Service administers Title I of the Agricultural Trade Development and Assistance Act (Public Law 480) authorizing the President to enter into agreements with friendly nations providing for the sale of surplus commodities for foreign currencies. A portion of the foreign currencies so derived are used in promoting larger foreign markets for U. S. farm products.

### Commodity Exchange Authority

The Commodity Exchange Authority administers the Commodity Exchange Act. It supervises futures trading on commodity exchanges designated as contract markets under the act, including such markets as the Chicago Board of Trade and the New York Cotton Exchange. The activities of the Commodity Exchange Authority are designed to prevent price manipulation and corners; prevent circulation of false and misleading crop and market information affecting prices; and to protect hedgers and other market users against cheating, fraud, and manipulative practices in futures trading.

## CONSERVATION

### Agricultural Conservation Program Service

The Agricultural Conservation Program, which is administered by ACPS, shares costs with farmers and ranchers to encourage and assist them to carry out on their farms and ranches authorized new and additional soil building and soil and water conserving practices.

The program is designed to help farmers and ranchers in their efforts to (1) restore and improve soil fertility, (2) minimize erosion caused by wind and water, and (3) conserve water on their land.

Cost-sharing is offered only for conservation measures considered necessary to meet the most urgently needed conservation problems which would not otherwise be carried out to the extent needed in the public interest. To be eligible, except in restricted emergency cases, the farmer must make application for cost-sharing before beginning the practice.

These activities are carried out in the field through the Agricultural Stabilization and Conservation Committees with the assistance of local representatives of the Soil Conservation Service and the Forest Service.

### Soil Conservation Service

The Soil Conservation Service (SCS) is responsible for the development of a national program of soil and water conservation. Objectives of this program are to achieve land use adjustments and land treatment that will conserve soil and water resources, establish a more permanent and stable agriculture, reduce the dangers of flood and sedimentation, and assure the most productive long-term use



of soil and water. Principal work of the SCS is to provide technical aid in the many engineering and vegetative sciences to farmers and ranchers, through locally controlled soil conservation districts, to establish coordinated conservation plans on their lands. These plans provide for land use adjustments, erosion control, and water conservation; and involve use of all engineering, crop, range, woodland, and wildlife practices necessary to achieve those purposes. The Service administers the National Cooperative Soil Survey and the Cooperative Snow Survey in the Western States which gathers and releases information on prospective water supplies from snow melt. SCS gives technical aid in the agricultural conservation program and the Conservation Reserve phase of the Soil Bank.

The SCS is responsible for administering the flood control and watershed and river investigations of the USDA. In 1954 the Congress enacted Public Law 566, which authorized the Department to cooperate with local watershed organizations in the development of work plans; to furnish technical assistance in the application of conservation practices on farms and ranches; and to provide financial aid, loans, and technical guidance in installing works of improvement and land treatment measures in watersheds recommended by the governors of the respective States or their authorized representatives.

Upon specific assignment by the Secretary, this Service has administrative leadership in conducting the recently-authorized Great Plains Conservation Program of long-term contracts with farmers and ranchers for the conservation treatment of farm and range lands to bring about desirable land use adjustments. This program was established by Public Law 1021, 84th Congress, approved August 7, 1956.

### Forest Service

The Forest Service (FS) is charged with responsibility for promoting the conservation and wise use of the country's forest and related range, water, and other wildland natural resources -- as basic factors in national security and strength.

Forests cover one-third of the total land area of the continental United States.

The guiding principle for managing the national forests calls for obtaining the maximum practicable yield and use of their many resources on a continuing basis, to meet both local and national needs -- under both normal conditions and during time of stress.

Technical forestry is applied to the growing and harvesting of sawtimber. The grazing of approximately 8 million head of livestock is scientifically managed to obtain range conservation along with use of the annual growth of forage. Watersheds are managed for regulation of streamflow; flood control; and protection of sources of water for power, irrigation, navigation, and municipal supply. Some provision is made for the more than 50 million visits of people to the national forests for recreation purposes. Effort is made to apply needed scientific management to the habitat of wildlife. Protection against forest fires, insects, and disease is a major responsibility.



State and private forestry programs are designed to assist in the protection and development of Non-Federal forest land for the public good and for the prosperity of the individual farm woodland owner. The Federal contribution is through a partnership with the States in protection from fire, insects, and disease; in tree planting; in technical management assistance; and in the use of forests in flood prevention.

## STABILIZATION

### Commodity Stabilization Service

The Commodity Stabilization Service (CSS) is responsible for operations falling into the following categories: (1) acreage allotments and marketing quotas; (2) soil bank; (3) price support; (4) disposal of Government-owned surplus farm products; (5) International Wheat Agreement; (6) storage, shipping, and related service activities; (7) administration of the Sugar Act; and (8) assigned mobilization planning.

Personnel and facilities of CSS are utilized in the administration of Commodity Credit Corporation programs.

CSS helps to bring supplies of cotton, wheat, corn, tobacco, rice, and peanuts into line with demand through the use of acreage allotments. Two-thirds of the producers voting in referendums must approve quotas before they can be applied. When quotas are in effect, excess production of the quota commodities is subject to penalties.

The Soil Bank Act authorizes payments to farmers who divert a portion of their cropland from the production of excessive supplies. Farmers with acreage allotments for cotton, wheat, corn, tobacco, rice, and peanuts are eligible to participate in the "acreage reserve" feature of the program by reducing their acreage of the crop below the farm allotment. All farmers are eligible to take part in the "conservation reserve" part of the program by shifting general cropland from production to conservation use.

Price support is mandatory for corn, cotton, wheat, tobacco, rice, peanuts, wool, mohair, tung nuts, honey, milk, and butterfat. For other commodities, price support, generally in terms of percentages of parity, is achieved through loans, purchases, purchase agreements, and in the case of wool and mohair, through incentive payments.

Commodities acquired under price-support operations are disposed of in various ways, including domestic and export sales, transfers to other Government agencies, international barter, and donations--both domestic and export--for relief use.

CSS carries out storage facilities operations through (1) purchasing and maintaining granaries and equipment for care and storage of CCC owned or controlled grain in areas where commercial storage facilities are inadequate; (2) making

loans for construction or expansion of farm storage facilities; and (3) such other undertakings as may be necessary.

The CSS administers the International Wheat Agreement which is aimed at assuring markets for wheat to exporting countries and supplies of wheat to importing countries at equitable prices.

Under the agreement the United States is entitled to sell specified quantities of wheat to importing countries. The agreement sets up certain maximum and minimum prices.

CSS administers the Sugar Act of 1948. The prime objective of the sugar program is "to protect the welfare of consumers of sugars and of those engaged in the domestic sugar-producing industry."

The Agricultural Stabilization and Conservation State and county committees are key units in CSS's field organization. Through the farmer-elected county committees CSS obtains recommendations and advice in the formulation of policies and program plans. State and county offices are also responsible for local administration of such national programs as production adjustments; price support and stabilization, and related programs as assigned; Sugar Act payments; and other programs requiring direct dealings with farmers and other agricultural interests.

There are eight CSS Commodity Offices, located in Chicago, Dallas, Kansas City, Minneapolis, New Orleans, Portland (Oreg.), and Cincinnati, which are responsible for field transportation and warehousing, fiscal, and commodity procurement and merchandising functions within their assigned areas.

### Commodity Credit Corporation

Some of the programs carried on by the Commodity Stabilization Service are directed and financed by the Commodity Credit Corporation. These operations include price support; storage facility and surplus commodity disposal; as well as certain financing functions under the International Wheat Agreement Act, National Wool Act, Soil Bank Act, and Public Law 480.

CCC is managed by a board of directors, subject to the general supervision and direction of the Secretary of Agriculture. There is also an advisory board that meets at least every 3 months to survey the general policies of CCC.

The original capital of CCC was only \$3 million in 1933 -- the year the Corporation was established--and there was no specific borrowing authority. In 1958 the capitalization is \$100 million and there is, in addition, authority to borrow up to \$14,500,000,000.

Price-support activities have been carried on in heavy volume in recent years. For example, as of January 31, 1958, CCC's investment in price-support loans and commodity inventories totaled \$7,190,000,000.

## Federal Crop Insurance Corporation

The basic purpose of Federal Crop Insurance is to promote the general welfare by providing farmers the opportunity to strengthen their financial position through insurance of money spent to produce crops against loss from causes beyond their control such as weather, insects, and disease.

The number of counties in which all-risk crop investment insurance on one or more crops is offered has been gradually expanded since 1949 to nearly one-third of the Nation's agricultural counties. Under its various programs, the Corporation insures wheat, cotton, tobacco, corn, flax, dry edible beans, soybeans, barley, citrus fruit, peaches, and the combined investment in several crops under its multiple crop plan.

The amount of protection offered is limited by legislation to the general cost of producing the given crop in an area.

## CREDIT

### Farmers Home Administration

The Farmers Home Administration provides credit for specific types of farmers who cannot get the financing they need elsewhere at reasonable rates and terms. Credit is supplemented where necessary by assistance to borrowers in planning and adopting sound farm and home practices which will promote success in farming.

All loans are made through local FHA offices, generally located in the county seat. A county committee of 3 persons, at least 2 of them farmers, determines applicants' eligibility for loans, certifies as to the value of farms to be bought, and reviews borrowers' progress.

Supervised credit is made available for the following purposes:

Direct and insured farm ownership loans to farm tenants, farm laborers, sharecroppers, and other eligible individuals who are unable to secure credit elsewhere on reasonable terms for the purchase, enlargement, or development, including building construction, of not larger than family-type farms. Loans may also be made and insured for refinancing the existing indebtedness of eligible applicants. These loans are amortized over periods not exceeding 40 years.

Direct loans are made at 4-1/2 percent interest. Loans from funds advanced by private lenders and insured by the agency are made at 3-1/2 percent interest, with an additional 1 percent to be paid to the Government as an insurance charge.

Operating loans to farmers and stockmen who are unable to secure credit elsewhere on reasonable terms for farm operating expenses and other farm



needs, including the refinancing of indebtedness and family subsistence of not larger than family-type farms. Loans may be made to full-time farm operators, and also those bona fide farmers who are conducting substantial farming operations on less than family-type units and who supplement their farm income from off-farm employment and from other sources. Loans are made at 5 percent interest repayable over periods up to 7 years with a limit of \$20,000 on the total indebtedness of any farmer.

Direct and insured soil and water conservation loans for the effective development and utilization of water supplies and for the improvement of farmland by soil and water conservation facilities and practices. Direct loans are made to farmers and associations at 4-1/2 percent interest for periods up to 20 years for individuals, and 40 years for associations. The interest rate on insured loans is 3-1/2 percent, plus 1 percent to the Government as an insurance charge.

Direct farm housing loans to owners of farms who are unable to secure credit elsewhere, upon terms and conditions which they could reasonably be expected to fulfill, for the construction, improvement, alteration, repair, or replacement of farm dwellings and other farm buildings on their farms. The loans, at 4 percent interest, are made for periods up to 33 years.

Disaster Loan Revolving Fund. The several programs financed from this revolving fund are as follows:

- (a) Emergency loans are made to farmers and stockmen in designated areas where disasters or widespread economic conditions have caused a need for agricultural credit not readily available from local sources.
- (b) Special livestock loans, made to established livestock producers temporarily unable to obtain adequate credit from recognized lenders, are now available only as supplemental credit to those already indebted for prior loans.

### Rural Electrification Administration

The Rural Electrification Administration was established to make loans for the extension of central station electric service to unserved rural people. On October 28, 1949, the Rural Electrification Act was amended to authorize loans for the purpose of furnishing and improving rural telephone service.

Loans for construction of electric and telephone facilities are self-liquidating within a period of not to exceed 35 years.

Electrification program.--Loans are made to qualified distributors and suppliers of electric power. The principal borrowers are cooperative associations formed solely for the purpose of making electricity available to unserved persons in rural areas. The systems are built on an area coverage basis. They are locally owned and managed. REA's relationship is that of lender to borrower.

Telephone Program.--Loans are made to private companies and to nonprofit organizations. REA follows the policy of continuous cooperation with the telephone industry in the extension of telephone service to rural areas. This administration works with borrowers in developing sound construction and operation policies and with manufacturers in the development of efficient and economical telephone equipment specifically designed for rural needs.

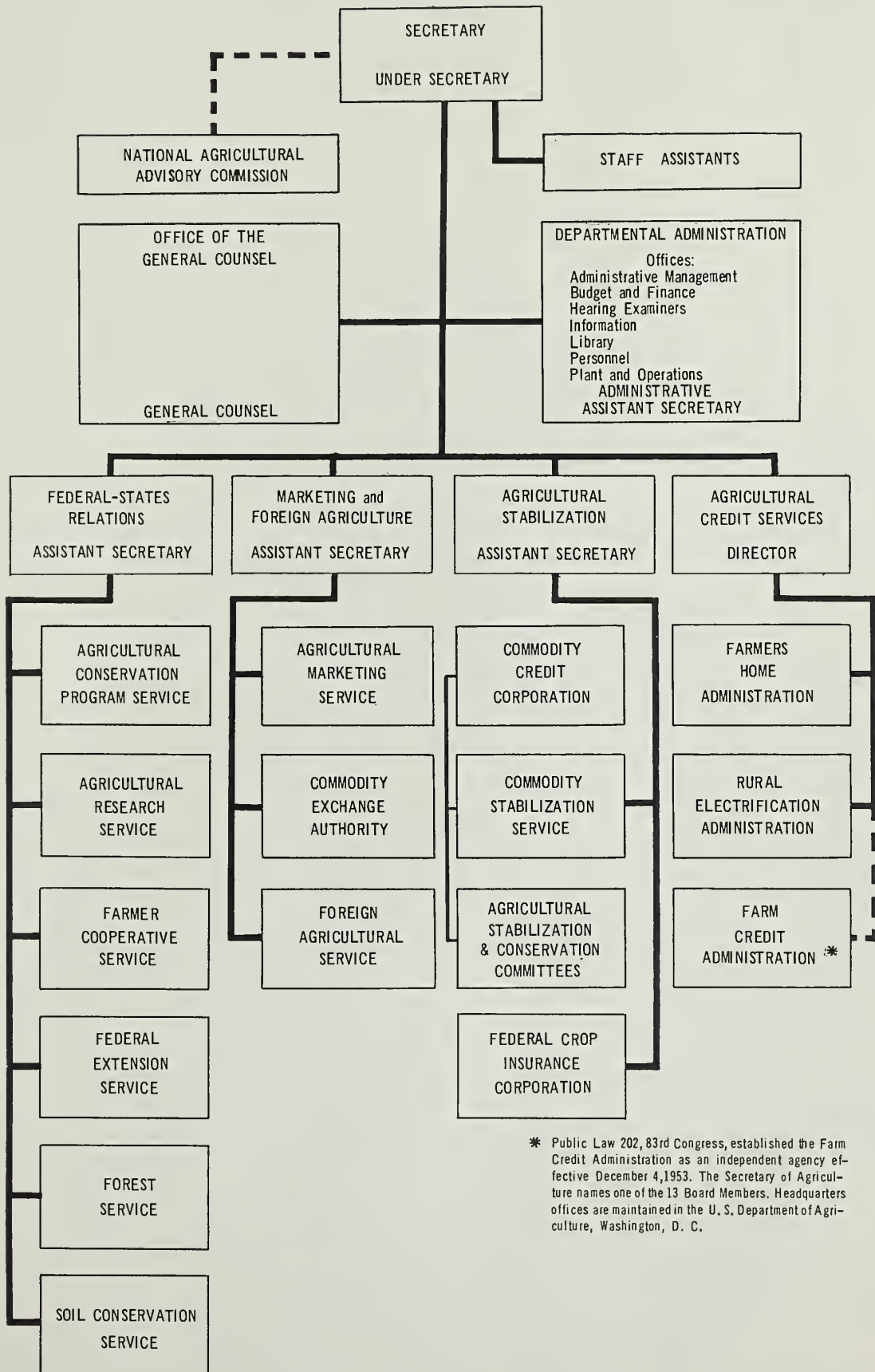
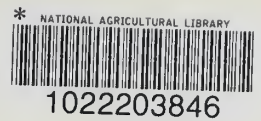
#### Farm Credit Administration

Public Law 202, 83rd Congress established FCA, which supervises a nationwide system of credit cooperatives, as an independent agency effective December 4, 1953. The Secretary of Agriculture names 1 of the 13 Board Members. For additional information about its work write direct to Farm Credit Administration, Washington 25, D. C.





# UNITED STATES DEPARTMENT OF AGRICULTURE



\* Public Law 202, 83rd Congress, established the Farm Credit Administration as an independent agency effective December 4, 1953. The Secretary of Agriculture names one of the 13 Board Members. Headquarters offices are maintained in the U. S. Department of Agriculture, Washington, D. C.

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